

IN THE SUPERIOR COURT OF THE STATE OF ARIZONA
IN AND FOR THE COUNTY OF YAVAPAI

In the Matter of the)
VERDE DITCH COMPANY)
GEORGE W. HANCE, et al,)
Plaintiffs,)
vs.)
WALES ARNOLD, et al,)
Defendants.)

No. 4772
ORDER 4:00 **FILED** 1 M
O'Clock

DEC 14 1990

By ETHEL BOUTON, Clerk
Deputy

The Court appointed Dale Harper, Bob Dinegar, John Watford and Ken Stokes to serve as examiners pursuant to Rule 53, Arizona Rules of Civil Procedure. The appointment was made on June 28, 1990.

The examiners submitted their report to the court on September 24, 1990. The Court forwarded copies of the examiners' report to the Verde Ditch Commissioners on October 4, 1990. The report has been available to the shareholders of the Ditch Company since that time and was submitted to the shareholders for discussion at the annual meeting of December 6, 1990.

The Court has thoroughly reviewed the report and the court's Order of Reference by which the examiners were appointed and finds that the examiners have completed the work requested of them by the court. NOW, THEREFORE, IT IS ORDERED as follows:

1. The court accepts the examiners' report.

2. The Clerk shall file a copy of the report, together with this order.

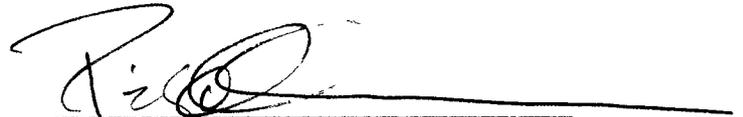
3. The examiners having completed their work, their appointment is terminated effective this date.

4. The examiners shall deliver all materials acquired during the course of their examination to the offices of the Verde Ditch in Camp Verde on or before December 21, 1990.

5. The Clerk shall mail a copy of this order to:

Dale Harper, Bob Dinegar, John Watford and Ken Stokes, the examiners; Glen Everett, Chairman of the Board of Commissioners, Marty Cathcart, bookkeeper of The Verde Ditch Company, and L. Richard Mabery, attorney for The Verde Ditch Company.

DATED this 14 day of December, 1990.



Hon. Richard Anderson
Yavapai County Superior Court
Division One

The Honorable Richard Anderson
Judge, Division I
Superior Court of Arizona
Yavapai County Courthouse
Prescott, Arizona 86301

Re: Verde Ditch Company Reorganization
No. 4772 Div. I, Order of Reference

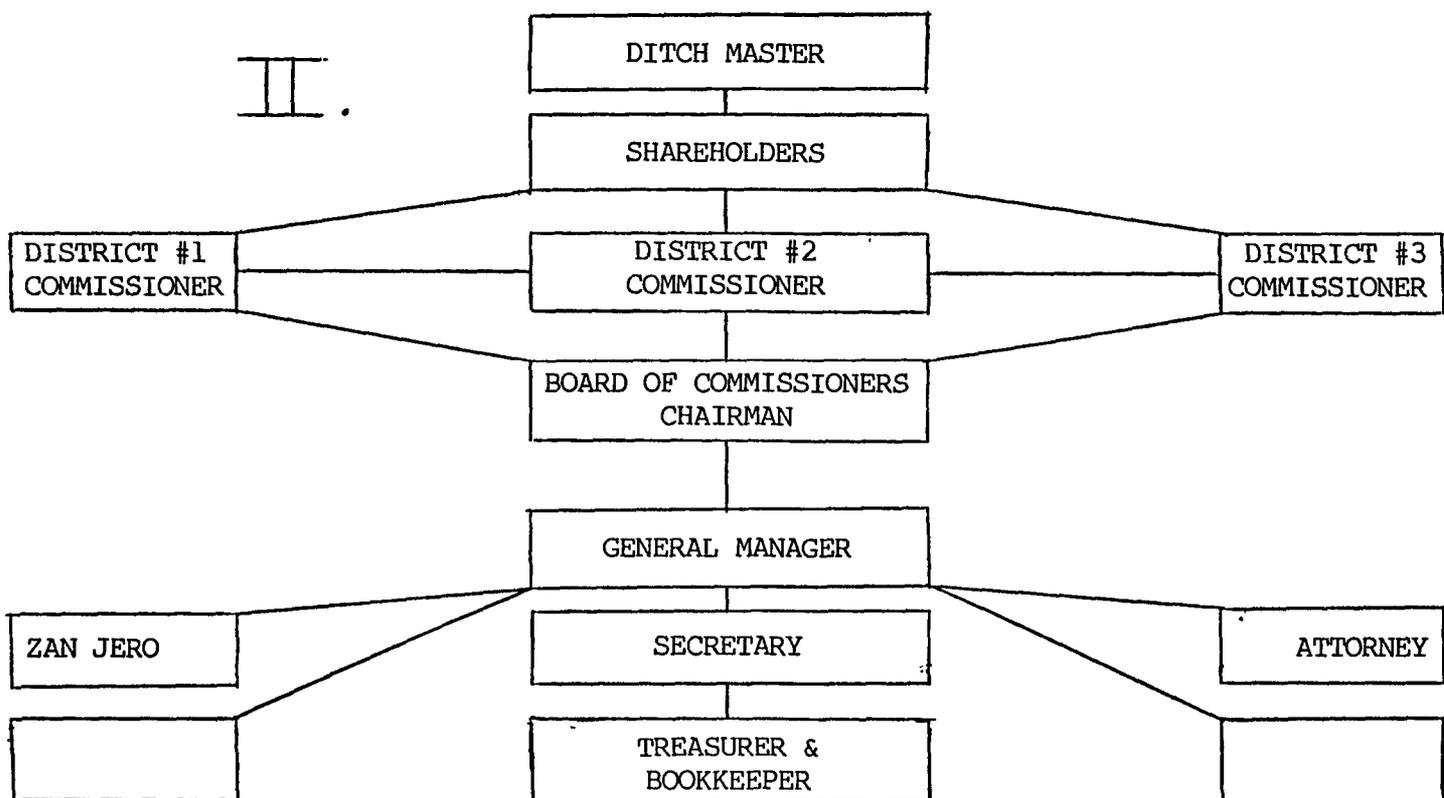
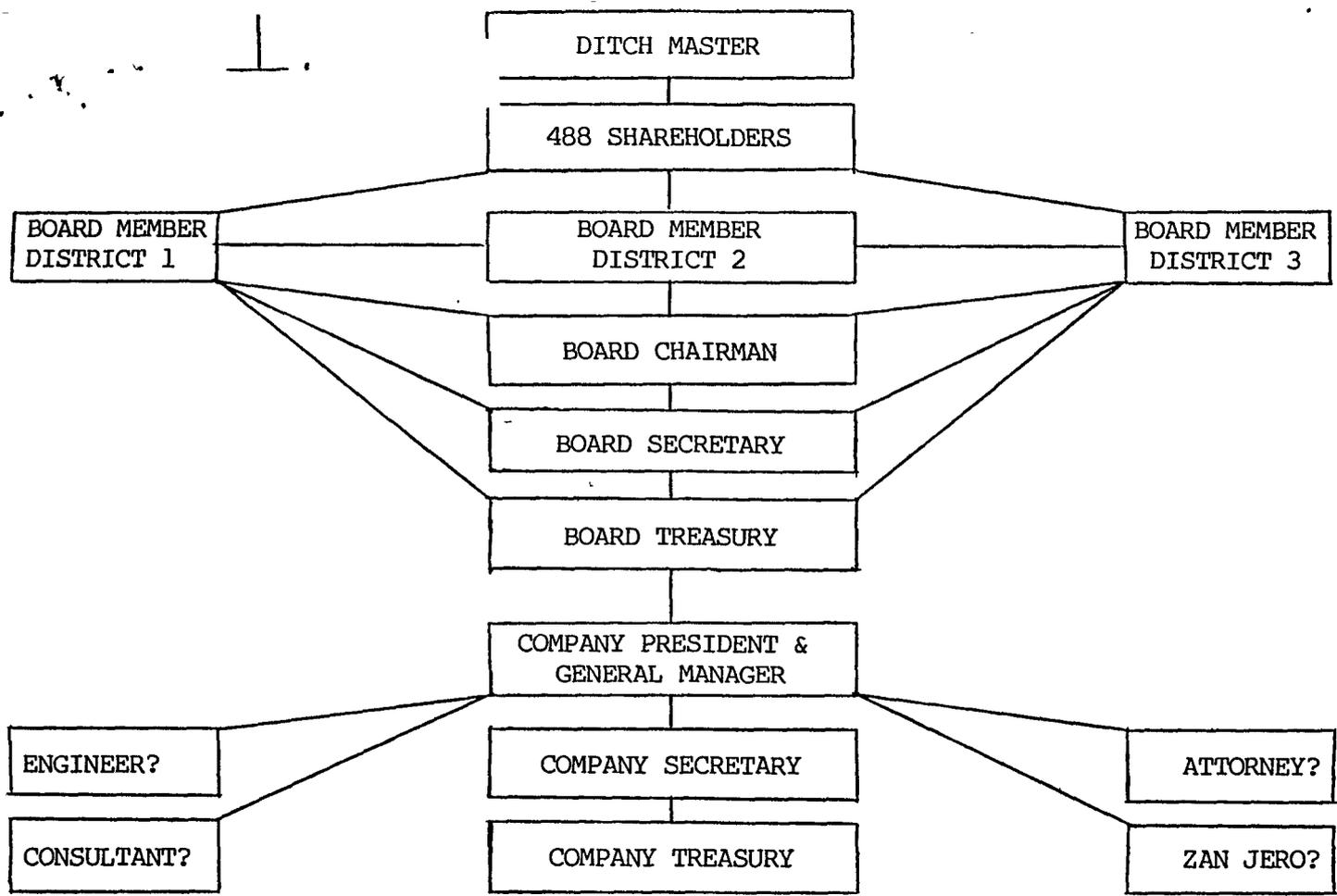
Pursuant to Rule 53, Arizona Rules of Civil Procedure, this final report, on recommendations for proposed new management structures for the operation of the ditch in the future, with short and long term objectives, is being submitted.

1. At the present, the examiners do not know the legal status of the Verde Ditch Company as an organization. Thus, the first recommendation is to establish how the Verde Ditch Company is organized under Arizona law and proceed from there with organization.

2.) The second reorganization recommendation is to form an Irrigation Water Delivery District within Yavapai County as provided for under Arizona Revised Statutes for special districts.

(3.) The third reorganization recommendation is to adopt the policies of the Irrigation Water Delivery District and continue under the rule of the Superior Court of Arizona.

4. The fourth recommendation is to establish an organizational structure where there is a hierarchy of positions to maintain control and balance of the ditch management. Two basic schematics are presented here. Rules for the above organizational structures could be established by a committee appointed from shareholders.



5. The fifth recommendation would be to maintain the present organizational structure and management system with the intent to stagger the terms of the commissioners.

A management objective of this recommendation could allow for positions within operations to be paid positions.

6. The sixth recommendation is to continue the present organizational and management system with changes in the rules to comply with those of an Irrigation Water Delivery District as stated in Items 2 and 3.

MANAGEMENT OBJECTIVES FOR THE VERDE DITCH COMPANY
SHORT TERM OBJECTIVES

1. Reorganize the management of the Verde Ditch Company using one of the reorganization recommendations found in the preceding page of this report.
2. Formulate priorities for the present management's objectives and design a procedure for carrying them out.
3. Employ a person (Zan Jero) to inspect the ditch on a routine basis and do necessary work to keep the water flowing. This person would report to the commissioners and/or ditch manager any needed maintenance or public relations that could not be accomplished immediately by said person.
4. Establish a system of communications among those responsible for the physical management of the irrigation. This could be a radio network of some nature.
5. Establish a program for dissemination of information to the shareholders as needed. Assign a person to carry on an aggressive and ongoing public relations program using all media possible.
6. Continue to cooperate with other Verde Vally ditch companies to formulate ongoing policies that represent the common interest of all and to form a front to protect the water rights of all irrigation water users.
7. Contact local earth moving contractors to set up a bidding process for the maintenance, repair and construction of the ditch.
8. Establish that the board be the policy makers and that the manager carries out the policies.

SHORT AND LONG TERM OBJECTIVES

1. The ditch company should continue to contact local, county, state and federal agencies for technical advice, expert assistance and monies to accomplish the objectives of the ditch company: i.e. lining, culverts, syphons, underground pipe, engineering and building roadways.
2. The ditch company should be more active in the water adjudication in the State of Arizona. Retaining an attorney with statewide visability on water adjudication would help assure the protection of the water rights of the Verde Ditch Company.

LONG TERM OBJECTIVES

1. Provide for more and better drainage systems for flood waters crossing or entering the ditch.
2. Re-engineer Windy Point to lessen the maintenance and upkeep of this critical problem. Solicit the help of the U.S. Corps of Engineers, Yavapai Flood Control District, Soil Conservation Services of Yavapai County and the local B.I.A. representatives.
3. Install a permanent structure (heading) at the point of diversion on the Verde River. This structure would be gated to control flooding both on the Verde River and the Verde Ditch.
4. Remove the present temporary diversion from the Verde River, thus reducing the possibility of flood damage downstream.
5. Cooperation with the Salt River Project on a permanent diversion would assure that both the Verde Ditch Company and Salt River Project would be less liable; also that less water would be misused. Those concerned about riparian habitat,

environmental quality and natural resources should be included.

6. Install a metering system at heading of each lateral to assure fair and equitable delivery and use of the irrigation water.

7. Develop a plan to establish more stable ditches by redirecting, concreting or placing flumes and other structures to control erosion.